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SENATE

{ REPORT
No. 738 }

AMENDING THE ACT OF AUGUST 7, 1946, SO AS TO AUTHORIZE THE MAKING OF GRANTS FOR HOSPITAL FACILITIES, TO PROVIDE A BASIS FOR REPAYMENT TO THE GOVERNMENT BY THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA

SEPTEMBER 12 (legislative day, SEPTEMBER 4), 1951.—Ordered to be printed

Mr. PASTORE, from the Committee on the District of Columbia, submitted the following

REPORT

[To accompany H. R. 2094]

The Committee on the District of Columbia, to whom was referred the bill (H. R. 2094) to amend the act of August 7, 1946, so as to authorize the making of grants for hospital facilities, to provide a basis for repayment to the Government by the Commissioners of the District of Columbia, and for other purposes, having considered the same, reports favorably thereon, and recommends that the bill do pass.

By act of August 7, 1946 (Public Law 648, 79th Cong.), the Congress authorized the Federal Works Administrator to acquire land and construct hospital buildings within the District of Columbia. Under that act, a hospital center has been planned in which Emergency Hospital, Garfield, and Episcopal Eye, Ear, and Throat are participating.

The purpose of H. R. 2094 is to amend the act of August 7, 1946, to extend benefits to those hospitals in the District of Columbia which are unable, or unwilling, to participate in the plans for the projected hospital center. The proposed amendment would permit the Federal Works Administration to extend assistance in the construction of new facilities, not to exceed 50 percent of the cost of such project. Of the amount advanced by the Federal Works Administration, the Commissioners of the District of Columbia are required to repay 30 percent in 33½ annual installments of 3 percent, without interest.

Such grants may be in the form of cash, land, or other property, to be made upon such terms and in such amounts as the Administrator deems to be in the public interest. Grants could be used for making surveys, planning, designing, constructing, remodeling, relocating, rebuilding, renovating, extending, equipping, furnishing, or repairing hospital facilities in the District of Columbia.

All witnesses before the subcommittee agreed that hospital facilities in the District of Columbia are woefully inadequate, and will be so even after completion of the projected hospital center. Representatives of Sibley Memorial Hospital, Providence, Casualty, and National Homeopathic, which are not participating in the hospital center, all testified that it would be impossible to modernize present antiquated structures, or provide for adequate expansion of facilities, without the assistance provided by the proposed amendments.

The following statement, prepared by Daniel W. O'Donoghue, Jr., member of the board of Providence Hospital, explains the relationship of the proposed bill to the Hill-Burton Act of August 13, 1946, and the general need for separate legislation for the District of Columbia:

STATEMENT OF DANIEL W. O'DONOGHUE, JR., MEMBER OF BOARD, PROVIDENCE HOSPITAL

PURPOSE OF LEGISLATION PRIMARILY TO AID STATES

The Hill-Burton Act is essentially an effort by the Federal Government to assist the States (a) to inventory their existing hospitals and survey the need for the construction of public and nonprofit hospitals, clinics, etc.; and (b) to assist in the construction of public and other nonprofit hospitals in accordance with such programs. It is important to note at the outset that the declaration of the purpose of the act is expressly stated "to assist the several States" in surveying their hospital needs and in constructing public and other nonprofit hospitals, as aforesaid. When this act is applied to the District of Columbia, we are confronted with the absence of a State legislature able to appropriate State revenues to share the costs of constructing hospital facilities in conjunction with the Federal aid provided by the Hill-Burton Act. Specifically, Congress as the legislature for the District of Columbia is the only source of governmental funds which can take the place in the District of appropriations and financial aid provided by States, counties, and municipalities to their own public and nonprofit hospitals.

The importance of this distinction will become more apparent when I consider, in the latter part of this letter, the limited extent of the aid provided under this act.

ANALYSIS OF ACT, FUNDS AUTHORIZED, AND ALLOTMENT TO DISTRICT

For your information, I enclose herewith a copy of the Hill-Burton Act, enacted August 13, 1946, and also amendment thereto approved October 25, 1949. Analysis of this legislation indicates that the act is divided into four main parts:

Part A: Declaration of purpose.

Part B: Surveys and planning (authorizes an appropriation of \$3,000,000 to the States for the purpose of making surveys and developing programs for construction of necessary hospital facilities).

Part C: Construction of hospitals and related facilities is the heart of the act and states amount and conditions of Federal assistance in the actual construction of hospitals and related facilities.

Part D: Miscellaneous (containing provisions and definitions).

For our purpose, we need only focus our attention on part C of the act which authorizes an annual appropriation of \$75,000,000 for assistance in the construction of public and nonprofit hospitals throughout the Nation for a 5-year period. Such assistance, however, is extended to States which have developed State plans which meet the requirements of the act and which are approved by the Surgeon General.

While the District of Columbia (as also the Territories) has set up an agency under the Health Department which qualifies as a State plan under the provisions of the act, the amounts available to the District of Columbia for assistance in hospital construction have proved entirely inadequate. The original act provided that the allotments to a State should not be more than 33½ percent of the cost of approved projects within such State and the maximum available to each State (or Territory) was determined by a proportionate population formula.

For the first several years of the operation of this act following its approval in August of 1946, the amount allocable to the District of Columbia under the population formula ran around \$275,000. For the first 2 years, these funds were

applied in the District of Columbia to build a pediatrics division at Gallinger Hospital. The next year the amount was granted to Children's Hospital to aid in partial rebuilding program and constituted a very small part of the total funds necessary for even this limited purpose.

1949 AMENDMENT TO ACT AND EFFECT OF WEIGHTED FORMULA ON DISTRICT'S SHARE

Indeed, the amounts provided by the Hospital Survey and Construction Act having proved generally inadequate throughout the country, on October 25, 1949, Congress amended the act to increase the over-all appropriation for assistance to hospital construction from \$75,000,000 to \$150,000,000. The determination of the amount of the Federal share was also liberalized to provide for a sliding scale which would permit a Federal share as much as 66 $\frac{2}{3}$ percent of the cost of construction of any project. The formula for the annual allotment of the appropriation among the several States was changed in order to provide greater financial assistance to States with smaller economic resources and is now based on population weighted by per capita income. The actual application of this formula is a bit complicated, and rather than detail the same here I simply enclose data from the Federal Security Agency, Public Health Service, indicating the method of allotment. Pertinent parts of the same are scored in red pencil.

The increase in the over-all appropriation in fiscal 1950 from \$75,000,000 to \$150,000,000 and the application of the said weighted formula to the District of Columbia made available here the sum of \$490,555 for that year. However, for fiscal 1951, the Congress cut the over-all appropriation from \$150,000,000 to \$85,000,000 so that there was available for the said past fiscal year only the sum of \$276,000 for the District of Columbia which, I am advised by the Health Officer, was granted to Children's and Casualty Hospitals.

For fiscal 1952, the District Health Officer further advises that the allotment for the District of Columbia will probably be substantially less than even the \$276,000 provided in 1951; that \$70,000 to \$80,000 of this has been tentatively approved for George Washington University Hospital; and that the District of Columbia government will probably obtain the balance of the 1952 allotment for the construction of an infirmary at the home for the aged indigent at Blue Plains. This last points up a fact which is not often appreciated in the discussion of the Hill-Burton Act; namely, that the funds made available to each State and to the District of Columbia are to be used alike for nonprofit hospitals and for public hospitals and health centers. In other words, a voluntary hospital which is asking assistance from this source must compete not only with the applications of other nonprofit hospitals but also with public-health centers and hospitals for part of the pitifully inadequate sum made available each year.

HILL-BURTON FUNDS AVAILABLE IN DISTRICT BEAR NO RELATION TO ACTUAL COSTS AND NEEDS OF NEW HOSPITAL CONSTRUCTION HERE

In this connection, I direct your attention to the enclosed list of the grants-in-aid made under the Hospital Survey and Construction Act as amended for the years 1949 and 1950 on the official form of the Public Health Service, marked in red (exhibit D).

Now, 1950 was the year that the District received its greatest aid (i. e., the year when the total over-all appropriation was \$150,000,000). It will be seen at a glance that the amount made available for that year to the District of Columbia of \$490,555 is based on a Federal contribution of only 38.39 percent of the total cost of any approved hospital construction work. When it is considered that it costs about \$6,000,000 to build a modern general hospital of about 350 beds (regarded by the Public Buildings Administration as an optimum and economic size) at the present time, we recognize immediately the impossibility of initiating the construction of any new hospital on the basis of aid from the Hill-Burton Act.

This very question was carefully studied by Congressman Healy and his committee in their hearings on the original Hospital Center Act. In his report, dated July 17, 1946, on S. 223, he adverts to the possibility of the Hill-Burton Act affording any help in the reconstruction of the District's obsolescent voluntary hospitals, as follows:

"But whatever the Hill-Burton bill does mean, if it is approved, reliance on it for relief of the hospital problem in Washington requires departure from reality into the realm of fantasy. This is more so in view of the amendments suggested by the report of the Commerce Committee with respect to the share of the District of Columbia. Under the Senate version, the District's share and the District's

required contribution had no sound relation either to the hospital needs in Washington or the realities of the financial ability of the District government, of the possibilities of private philanthropy, both of which are controlled or influenced by Congress and the Federal establishment. But under the amendments the District's share is \$1,170,000, its required contribution raised to \$2,385,000 [presumably over the 5-year life of this legislation]. And that in the face of a demonstrated need of 40 millions. This is not even a suggestion of the solution of the District's problem. It fails to recognize that constitutionally and historically the District of Columbia is not a State but the Federal City. And that it is the duty of Congress to provide for it as such. No escape from that duty by classifying Washington as a State or a politically free city, when it is not, solves any municipal problem here but only accentuates it."

DISTRICT OF COLUMBIA STANDS IN DIFFERENT POSITION THAN THAT OF THE STATES

Since the formula on which the allotments are made under the amended Hill-Burton Act is based not only on population but is weighted heavily by per capita income of the State or Territory, it is clear that the amount available to the District of Columbia will always be comparatively less than to most States. On the other hand, while the per capita income of the District of Columbia is relatively large, the large number of Federal employees whose salaries are responsible for the relatively high per capita income do not for the most part consider themselves permanently members of the community or obligated to contribute their savings for long-range hospital construction. The District of Columbia is, moreover, notoriously lacking in big industry or citizens of large wealth who might establish endowments or bequests similar to those which have aided in the construction of hospitals in many of the States.

Even from the population side of the yardstick, we find that the unique position of the District, with its limited boundaries, brings about a large reduction in the District's share of this Federal aid. Actually the land within the legal limits of the District is only the core of a larger contiguous metropolitan area.

These political boundaries dividing metropolitan Washington thus create a situation without counterpart insofar as the provision for Federal aid of hospital facilities are concerned. The District's share of Hill-Burton funds is predicated upon a population of 802,200 legal residents while the actual population of the metropolitan area is 1,464,400, or more than 50 percent more than the allowable basis.

It is neither medically nor economically sound for the suburban areas of Virginia and Maryland to provide themselves with the extensive hospital facilities needed to treat all types of illness. Thus, many of the needs of these communities must be met by the larger teaching hospitals of the District which, either by virtue of their size or the large population they serve, can provide the specialized services required by the residents of the city's sprawling suburbs.

Some indication of the extent to which these communities are dependent upon District hospitals is given in the report of the Montgomery County Hospital Facilities Advisory Committee published in 1950 which shows that the hospitals of the District provide the larger portion of the total hospitalization required by the general population of the county despite the fact that the county has three excellent general hospitals with a total capacity of 455 beds. Substantially the same situation prevails in the other suburban areas.

COMPARISON OF DISTRICT ALLOTMENT TO THOSE OF STATES

Looking down the enclosed list of grants-in-aid (contained in exhibit C), it is interesting to compare the 1950 grant to the District of Columbia in the amount of \$490,555 to the \$4,619,631 granted Puerto Rico and the more than \$6,000,000 given to the State of North Carolina. You will note that many of the other States also receive sums which, in 1 year, could make a good start in the building of a new hospital. Not only does the District of Columbia (by reason of its transient population) not have available any substantial endowments from citizens of wealth, but there are no State, county, or municipal funds to draw upon to make up the large difference between the small aid and the total cost of a new hospital. The result is that, insofar as the District of Columbia is concerned (and now that the annual amount of Hill-Burton assistance is running less than \$300,000 a year), it would take the entire allocation for the District for 20 years to supply the cost of building a single new general hospital such as is required by Providence. When it is considered that the Hill-Burton Act contemplates appropriations for only the 5 years succeeding 1949, that the limited amounts

available must also supply the current needs of the Public Health authorities, and that there is further denied any contributions from the District of Columbia revenues, it is clear that, as a practical matter, neither Providence nor any other voluntary hospital can look to the Hill-Burton Act for the funds necessary to finance the construction of a new hospital, even though it be willing and able, as Providence is, to raise one-half of the total cost itself.

It seems that the only solution for the problem of Providence Hospital and other nonprofit hospitals similarly situated is the enactment of legislation along the lines of the proposed amendment to the Hospital Center Act (H. R. 2094) which will make available reasonable grants where actually needed up to 50 percent of the costs of new construction, which requires private sources to contribute the other 50 percent, and which requires District of Columbia revenues to bear 30 percent of the said 50 percent grant of public funds.

SUMMARY

In summary, then, it can be stated that, while the Hill-Burton Act is excellent legislation currently affording substantial aid to many of the States, it definitely does not answer the major problem of the reconstruction of the obsolescent voluntary hospitals in the District of Columbia or, more specifically, the problem of building a new Providence Hospital. The reasons for this inadequacy may be stated as follows:

(1) The Hill-Burton Act is fundamentally designed to aid the States in their hospital problems rather than the District of Columbia. It provides Federal funds which can be used to supplement the funds of States, counties, and municipalities in building up their public and nonprofit hospitals, health centers, and clinic facilities. Congress alone can act in the role of a State legislature in the District of Columbia, and, hence, in the absence of further congressional legislation, there is no source of public funds in the District comparable to that available to nonprofit hospitals in the several States.

(2) The application of the formula set up by the United States Public Health Service under the amended Hill-Burton Act to the District of Columbia results in a very limited allotment of funds for this jurisdiction. This formula is based on two chief factors: population and per capita income. As to the first, the number of persons residing within the constricted District limits does not fairly reflect the much larger number of the metropolitan area who use the big voluntary hospitals in the District for most of their major surgery and hospitalizations. As to the second factor, the relatively high per capita income of the District of Columbia residents also makes for a very small allotment to the District of Columbia, without providing our local hospitals with endowments or much community support because of the very nature of the National Capital and the transient character of much of its population. For fiscal 1951 the maximum amount of Hill-Burton funds available here was \$276,000. The Health Office of the District of Columbia advises that the amount for fiscal 1952 will probably be even lower.

(3) The allotment to the District of Columbia is not only inadequate in its gross amount, but under the terms of the Hill-Burton Act it is to be made available for the building of public hospitals, health centers, and clinic facilities as well as private nonprofit hospitals. The result is that the amount available to any single voluntary hospital, even over a period of several years, would be only a drop in the bucket in undertaking the cost of building a new hospital. It is estimated that the total cost of building a new Providence Hospital only a little larger than the present obsolete and depreciated plant would be in the neighborhood of \$6,000,000. Compare this with the total of \$276,000 made available for all District of Columbia hospital needs, public and private. Indeed, if we assume, as on the basis of past experience we must, that approximately one-half of the annual allotment of the District of Columbia will go to public hospital and clinic needs, we are left with about \$135,000 a year for the voluntary hospitals, a figure which, far from bringing about the desperately needed replacement of the seven or eight obsolescent voluntary hospitals, hardly covers the annual depreciation on the two modern voluntary hospitals, Georgetown and George Washington.

Public Law 648 of the Seventy-ninth Congress, authorized an appropriation of \$35,000,000 for the carrying out of the program contemplated by that legislation. The Federal Works Administrator testified that the hospital center to be erected pursuant to that act will cost approximately \$21,700,000. There will be available for the

purposes of H. R. 2094, without additional authorization, the sum of \$13,300,000. The amendments, therefore, do not authorize the expenditure of additional funds.

It is the intention of the committee that the term "private agencies" as defined in the act shall include private agencies now or hereafter operating nonprofit hospital facilities in the District of Columbia, who otherwise qualify under the provisions of the act. Hence, organizations establishing nonprofit hospital facilities in the future would be equally eligible for the benefits provided by the act.

Some objection to the bill was voiced on the ground that it is in violation of the first amendment and, therefore, unconstitutional. The testimony made it quite clear that all institutions which would be eligible for grants accept patients without regard to their religious affiliations, that these institutions do not engage in religious teachings, and that their only function is administering to the health of patients admitted to them. Your committee is satisfied that the proposed amendments are well within constitutional limits.

The bill has the approval of the Commissioners of the District of Columbia, the Commissioner of Public Buildings Service, Sibley Memorial Hospital, Providence, Casualty, and Homeopathic, and many physicians. It also has been approved by the Bureau of the Budget.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law in the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

[PUBLIC LAW 648—79TH CONGRESS]

[CHAPTER 803—2D SESSION]

[S. 223]

AN ACT To provide for the establishment of a modern, adequate, and efficient hospital center in the District of Columbia, *to authorize the making of grants for hospital facilities to private agencies in the District of Columbia, to provide a basis for repayment to the Government by the Commissioners of the District of Columbia, and for other purposes*

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to provide more adequate hospital facilities in the District of Columbia the Federal Works Administrator is authorized to [acquire land and construct buildings] *acquire land, construct buildings, and make grants to private agencies* and to these ends is empowered:

(a) to acquire prior to the approval of title by the Attorney General (without regard to sections 1136, as amended, and 3709 of the Revised Statutes) improved or unimproved lands or interests in lands in the District of Columbia by purchase, donation, exchange, or condemnation (including proceedings under the Acts of August 1, 1888 (25 Stat. 357), March 1, 1929 (45 Stat. 1415), and February 26, 1931 (46 Stat. 1421)) for such hospital facilities;

(b) by contract or otherwise (without regard to sections 1136, as amended, and 3709 of the Revised Statutes, and section 322 of the Act of June 30, 1932 (47 Stat. 412), prior to approval of title by the Attorney General, to make surveys and investigations, to plan, design, and construct hospital facilities in the District of Columbia on lands or interests in lands acquired under the provisions of subsection (a) hereof or on other lands of the United States which may be available (the transfers of which for this purpose by the Federal agency having jurisdiction thereof are hereby authorized notwithstanding any other provision of law), provide proper approaches thereto, utilities, and procure necessary materials, supplies, articles, equipment, and

machinery, and do all things in connection therewith to carry out the provisions of this Act; and

(c) *To make grants to private agencies in cash, or in land or other property (which the Administrator is hereby authorized to acquire for such purpose by purchase, condemnation, or otherwise) upon such terms and in such amounts or of such value as the Administrator may deem to be in the public interest to enable such private agencies to make surveys and investigations, to plan, design, construct, remodel, relocate, rebuild, renovate, extend, equip, furnish, or repair hospital facilities in the District of Columbia: Provided, That in no event shall the amount or value of the grant exceed 50 per centum of the value of the hospital plant of a private agency as improved with the aid of such grant: Provided further, That except in the case of the construction and equipment of a new hospital, no such grant shall be made to any private agency unless such private agency shall obligate itself to pay at least 50 per centum of the cost of any project for which such grant is made. As used in this Act, the term "private agencies" shall mean any nonprofit private agencies operating hospital facilities in the District of Columbia.*

SEC. 2. Notwithstanding any other provision of law, whether relating to the acquisition, handling, or disposal of real or other property by the United States or to other matters, the Federal Works Administrator, with respect to any hospital facilities acquired or constructed under the provisions of this Act, is authorized to enter into leases with private agencies for the operation and maintenance of such hospital facilities or usable separable portions thereof upon such terms, including the period of any such leases, annual rentals, provision for joint use of facilities, provisions for operation, maintenance, repair and replacement of buildings, equipment, machinery, and furnishings, and appropriate security to assure the performance of any such leases, and to sell for cash or credit or to convey in exchange for other properties any such hospital facilities or usable separable portion thereof to private agencies on such terms as may be deemed by the Administrator to be in the public interest: *Provided, That all hospitals participating in such center shall be required either to convey to the Government, free and clear of all incumbrance, the land and buildings now held by them or to sell the same at such prices as is agreed to and approved by the Federal Works Administrator and to pay the proceeds thereof to the Government at the option of the Federal Works Agency.*

SEC. 3. In carrying out the purposes of this Act, the Federal Works Administrator shall provide a hospital center of such size and design as he shall deem feasible and economical of operation.

SEC. 4. In carrying out the provisions of this Act the Federal Works Administrator is authorized to utilize the services of or to act through the United States Public Health Service in the Federal Security Agency, the Federal Works Agency, and any other department or agency of the United States, and any funds appropriated pursuant to this Act shall be available for transfer to such department or agency in reimbursement thereof.

SEC. 5. Thirty per centum of the net amount expended by the Federal Works Administrator under this Act shall be charged against the District of Columbia and shall be repaid to the Government by the Commissioners of the District of Columbia [at such times and in such amounts, without interest, as the Congress shall hereafter determine] *at the annual rate, without interest, of 3 per centum of such 30 per centum.* The District of Columbia shall be entitled to 30 per centum of the sale price of any of the properties sold by the Federal Works Administrator under section 2 of this Act, other than properties the value of which is deducted from the gross amount expended to determine the net amount upon which the 30 per centum to be charged against the District of Columbia is computed, and the District of Columbia shall also be entitled to receive 30 per centum of any rentals received from the leasing of any of the hospital facilities acquired or constructed by the Federal Works Administrator under this Act. The amounts which may be due the District hereunder shall be credited on the amount owed the Government by the District of Columbia until such obligation of the District is discharged in full.

SEC. 6. For carrying out the purposes of this Act, including administrative expenses, there is hereby authorized to be appropriated during the period ending June 30, 1952, the sum of \$35,000,000 to be appropriated at such times and in such amounts as the Congress shall determine.



